

Sec.		Sec.	
	(d) Application for approval as mutual service company and nature of business; regulation by rules of Commission.	79x.	Court review of orders. (a) Petition; jurisdiction; findings of Commission; additional evidence; finality. (b) Stay of Commission's order.
	(e) Contracts by affiliate in contravention of rules and regulations of Commission.	79y.	Jurisdiction of offenses and suits.
	(f) Contracts by persons engaged in performance of service, sales and construction in contravention of rules of Commission.	79z.	Validity of contracts. (a) Waiver provisions. (b) Contract provisions in violation of chapter; actual knowledge of violations. (c) Validity of loans, extensions of credit and creation of liens; actual knowledge of violations.
	(g) Investigations and recommendations by Commission.	79z-1.	Liability of controlling person; preventing compliance with law.
79n.	Periodic and other reports.	79z-2.	Representation of guaranty or recommendation by United States.
79o.	Accounts and records. (a) Duty of holding companies to keep. (b) Duty of affiliates to keep. (c) Duty of mutual service companies to keep. (d) Duty of persons engaged in service, sales, or construction to keep. (e) Use of forms other than prescribed by Commission unlawful. (f) Examinations by Commission. (g) Submission by holding company or subsidiary to examination by holders of securities. (h) Submission by mutual service companies and persons engaged in rendering service to examination by other companies. (i) Uniform methods for keeping accounts; power of Commission to prescribe.	79z-3.	Penalties.
		79z-4.	Study of public-utility companies; recommendation.
		79z-5.	Hiring and leasing authority of Commission.
		79z-5a.	Exempt wholesale generators. (a) Definitions. (b) Foreign retail sales. (c) State consent for existing rate-based facilities. (d) Hybrids. (e) Exemption of EWGS. (f) Ownership of EWGS by exempt holding companies. (g) Ownership of EWGS by registered holding companies. (h) Financing and other relationships between EWGS and registered holding companies. (i) Application of chapter to other eligible facilities. (j) Ownership of exempt wholesale generators and qualifying facilities. (k) Protection against abusive affiliate transactions. (l) Reciprocal arrangements prohibited.
79p.	Misleading statements, penalty; rights and remedies additional to those existing under other laws.	79z-5b.	Treatment of foreign utilities. (a) Exemptions for foreign utility companies. (b) Ownership of foreign utility companies by exempt holding companies. (c) Registered holding companies. (d) Effect on existing law; no State preemption. (e) Reporting requirements. (f) Prohibition on assumption of liabilities. (g) Prohibition on pledging or encumbering utility assets.
79q.	Officers and directors. (a) Statement of ownership of securities; duty to file. (b) Limitation on profits in purchase and sale of securities. (c) Officers or representatives of banking institutions disqualified to serve as officers or directors.	79z-6.	Separability clause.
79r.	Investigations, injunctions, and enforcement of law. (a) Investigations to determine violations, aid in enforcement and as basis for recommendations. (b) Investigation of business, financial condition, etc., of companies. (c) Administering oaths; subpoenas; examining witnesses. (d) Court aid to compel giving testimony; penalty for refusal to testify. (e) Injunctions to restrain violations; prosecutions. (f) Mandamus to compel compliance with law.	<p>CHAPTER REFERRED TO IN OTHER SECTIONS</p> <p>This chapter is referred to in sections 77ccc, 77hhh, 77jjj, 77kkk, 77www, 77zzz, 78c, 80a-2, 80a-3, 80a-37, 80a-49, 80b-2 of this title; title 7 section 12a; title 16 sections 824, 824a-3, 824e, 825d, 825q, 839f; title 29 sections 306, 432; title 42 section 7651b.</p> <p>§ 79. Short title of chapter</p> <p>This chapter may be cited as the “Public Utility Holding Company Act of 1935”.</p> <p>(Aug. 26, 1935, ch. 687, title I, § 35, formerly § 33, 49 Stat. 838; renumbered § 35, Oct. 24, 1992, Pub. L. 102-486, title VII, § 711, 106 Stat. 2905.)</p> <p>STATE AUTHORITIES; CONSTRUCTION</p> <p>Section 731 of title VII of Pub. L. 102-486 provided that: “Nothing in this title [enacting sections 79z-5a and 79z-5b of this title and sections 824f, 824m, and 825o-1 of Title 16, Conservation, amending sections 796,</p>	
79s.	Hearings before Commission.		
79t.	Rules, regulations, and orders. (a) Authority of Commission to make. (b) Consistency with laws of United States or States. (c) Effective date; classification of persons and matters; hearings. (d) Filing information or documents by reference.		
79u.	Effect on other laws.		
79v.	Information filed with Commission. (a) Public disclosure of information; protection of trade secrets. (b) Written objection to public disclosure. (c) Disclosure of nonpublic information to other than Commission personnel.		
79w.	Annual reports of Commission.		

824, 824j, 824k, 825n, 825o, and 2621 of Title 16, and amending provisions set out as a note under section 79k of this title] or in any amendment made by this title shall be construed as affecting or intending to affect, or in any way to interfere with, the authority of any State or local government relating to environmental protection or the siting of facilities.”

CROSS REFERENCES

Corporation of Foreign Bondholders Act, 1933, see section 77mm of this title.

Investment Advisers Act of 1940, see section 80b-20 of this title.

Investment Company Act of 1940, see section 80a-51 of this title.

Securities Act of 1933, see section 77a of this title.

Securities Exchange Act of 1934, see section 78a of this title.

Trust Indenture Act of 1939, see section 77aaa of this title.

§ 79a. Necessity for control of holding companies

(a) Interstate nature of holding companies

Public-utility holding companies and their subsidiary companies are affected with a national public interest in that, among other things, (1) their securities are widely marketed and distributed by means of the mails and instrumentalities of interstate commerce and are sold to a large number of investors in different States; (2) their service, sales, construction, and other contracts and arrangements are often made and performed by means of the mails and instrumentalities of interstate commerce; (3) their subsidiary public-utility companies often sell and transport gas and electric energy by the use of means and instrumentalities of interstate commerce; (4) their practices in respect of and control over subsidiary companies often materially affect the interstate commerce in which those companies engage; (5) their activities extending over many States are not susceptible of effective control by any State and make difficult, if not impossible, effective State regulation of public-utility companies.

(b) Protection of investors and interests of consumers

Upon the basis of facts disclosed by the reports of the Federal Trade Commission made pursuant to S. Res. 83 (Seventieth Congress, first session), the reports of the Committee on Interstate and Foreign Commerce, House of Representatives, made pursuant to H. Res. 59 (Seventy-second Congress, first session) and H. J. Res. 572 (Seventy-second Congress, second session) and otherwise disclosed and ascertained, it is declared that the national public interest, the interest of investors in the securities of holding companies and their subsidiary companies and affiliates, and the interest of consumers of electric energy and natural and manufactured gas, are or may be adversely affected—

(1) when such investors cannot obtain the information necessary to appraise the financial position or earning power of the issuers, because of the absence of uniform standard accounts; when such securities are issued without the approval or consent of the States having jurisdiction over subsidiary public-utility companies; when such securities are issued upon the basis of fictitious or unsound asset values having no fair relation to the sums in-

vested in or the earning capacity of the properties and upon the basis of paper profits from intercompany transactions, or in anticipation of excessive revenues from subsidiary public-utility companies; when such securities are issued by a subsidiary public-utility company under circumstances which subject such company to the burden of supporting an overcapitalized structure and tend to prevent voluntary rate reductions;

(2) when subsidiary public-utility companies are subjected to excessive charges for services, construction work, equipment, and materials, or enter into transactions in which evils result from an absence of arm's-length bargaining or from restraint of free and independent competition; when service, management, construction, and other contracts involve the allocation of charges among subsidiary public-utility companies in different States so as to present problems of regulation which cannot be dealt with effectively by the States;

(3) when control of subsidiary public-utility companies affects the accounting practices and rate, dividend, and other policies of such companies so as to complicate and obstruct State regulation of such companies, or when control of such companies is exerted through disproportionately small investment;

(4) when the growth and extension of holding companies bears no relation to economy of management and operation or the integration and coordination of related operating properties; or

(5) when in any other respect there is lack of economy of management and operation of public-utility companies or lack of efficiency and adequacy of service rendered by such companies, or lack of effective public regulation, or lack of economies in the raising of capital.

(c) Declaration of policy of chapter

When abuses of the character above enumerated become persistent and wide-spread the holding company becomes an agency which, unless regulated, is injurious to investors, consumers, and the general public; and it is declared to be the policy of this chapter, in accordance with which policy all the provisions of this chapter shall be interpreted, to meet the problems and eliminate the evils as enumerated in this section, connected with public-utility holding companies which are engaged in interstate commerce or in activities which directly affect or burden interstate commerce; and for the purpose of effectuating such policy to compel the simplification of public-utility holding-company systems and the elimination therefrom of properties detrimental to the proper functioning of such systems, and to provide as soon as practicable for the elimination of public-utility holding companies except as otherwise expressly provided in this chapter.

(Aug. 26, 1935, ch. 687, title I, § 1, 49 Stat. 803.)

CHANGE OF NAME

Committee on Interstate and Foreign Commerce of House of Representatives changed to Committee on Energy and Commerce immediately prior to noon on Jan. 3, 1981, by House Resolution No. 549, Ninety-sixth Congress, Mar. 25, 1980. Committee on Energy and Com-